

deposits of public funds in the banks had been so large that it was not possible to continue further this form of relief to the market. * Accordingly, in order to draw out more funds from hoards, and make it possible to increase bank-note circulation, Secretary Cortelyou announced on Sunday, November 18, that he would receive subscriptions for \$50,-000,000 in two per cent, bonds for the construction of the Panama Canal and for \$100,000,000 in three percent. Treasury certificates running for one year. These measures were " influenced by the conclusion that it was advisable to take some strong and resolute step which would convince the public, both at home and abroad, that the government was thoroughly alive to the situation and determined to give its aid in every possible legal and proper form." ³

It was not intended to accept bids for the full amount of these issues, if they were not found necessary, and eventually allotments were made of only \$24,631,980 in the Panama bonds and \$15,436,500 in the certificates of indebtedness. One of the purposes of the issues of new securities was to stimulate increase in bank-note circulation. As the result of this and other measures taken by Secretary Cortelyou, Including more liberal rules for the acceptance of bonds to secure deposits, bank-note circulation advanced from \$607,-118,742 on October 15, 1907, to \$631,344,943 on November 15, \$676,914,235 on December 15, and \$695,927,806 on January 18, 1908. These figures indicate that, in spite of the encouragement given by special measures, the inelastic char-

¹ In response to the criticism that he had no right to issue securities to obtain funds when he had large deposits in banks, the Secretary stated that " while the entire economic resources of the country were being devoted to the relief of the monetary stringency, not only on the part of domestic bankers, but by foreign-exchange houses and by the railways in the prompt movement of freight for export, it seemed inadvisable for the Secretary of the Treasury to take any step which would tend to counteract these efforts by withdrawing funds from the banks and thereby adding to the evils which it was his earnest desire to alleviate and bring to an end."—Senate Document 208, 60th Congress, 1st Session, 19.

* Senate Document 208, 60th Congress, 1st Session, 17.